

Good Investment, B.E.S.T. Return

The Baccalaureate Education System Trust Prepaid Higher Education Tuition Plan is one of a plethora of college savings options for Tennesseans. On its merits, the Prepaid Plan shines as an extremely beneficial and viable option. The plan is accessible, flexible, and it is user-friendly. It releases individuals from the worry of choosing investment options. Additionally, because the payout is based on the weighted average tuition for the academic year that the units are used, it releases individuals from the worry over tuition inflation. Tuition inflation has increased more than the rate of increase in the average family's household income and, in many instances, at a rate higher than the return on other investments.

A BEST customer who purchased units in the Fall of 1997 paid \$23.75 for each unit. Those units now payout at \$47.71 per unit for the 2005-2006 academic year. Tuition inflation increased an average of 10.6% from academic year 2004-2005 to academic year 2005-2006, and it has peaked higher than this amount over the past five years. Even if a 7.5% tuition inflation rate is assumed per year, a person who purchases a unit at today's price (\$54.06) could see the payout value of that one unit increase to \$98.33 in 10 years.

Have You Heard...

September was proclaimed "College Savings Month" in Tennessee by Governor Phil Bredesen. Treasurer Dale Sims hailed the proclamation as an ideal opportunity for families to save with the State's 529 college savings plans: the recently enhanced BEST Savings Plan and the BEST Prepaid Plan. Notice of the proclamation sparked positive feedback from BEST participants. This is what one BEST Prepaid purchaser wrote about her experience with the BEST Prepaid plan that she has established for her daughter:

"Utilizing her BEST account for reimbursement has been such an easy process for us and has made paying for college expenses a lot easier to handle for our family budget ... And this is a program that works and works well..."

Please feel free to share your comments with us. We would love to hear from you. You may e-mail our office at Best.Office@state.tn.us.

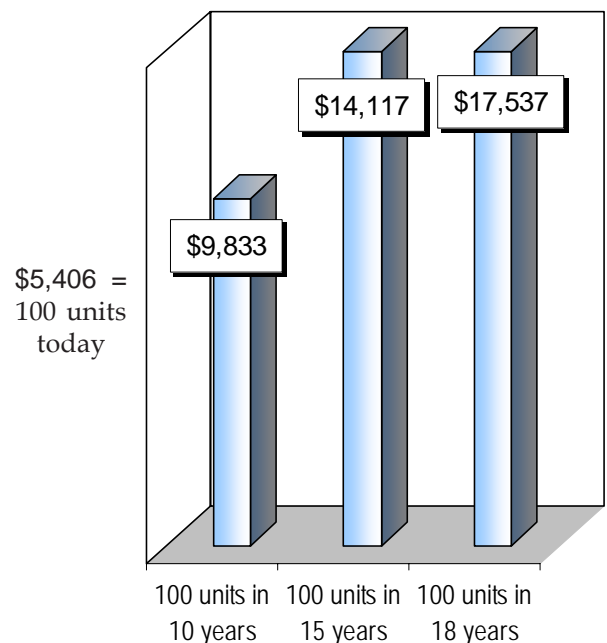
Advance Payments & Reimbursements

Advance payments and reimbursements are payments to the purchaser or beneficiary. Requesting funds for qualified higher educational expenses as an advance payment or reimbursement is very simple. You may submit a request to BEST in writing. This request MUST state:

1. How much money you need;
2. The contract number and beneficiary's name;
3. What the money will be used for; and
4. To whom BEST should make the check payable. **Please note that BEST can only make a check payable to either the Purchaser or the Beneficiary of a BEST contract. The request must be signed by either the Purchaser or the Beneficiary of the BEST contract.**

BEST mails 1099 forms to the payee for all advance payments and reimbursements. Please remember to retain all receipts for your records.

How your account might grow



Projected payout value of 100 units (approximately one year of tuition and fees) purchased during 2005-2006 academic year. Purchase price is \$5,406 (100 X \$54.06). Growth assumes 7.2% tuition inflation, excluding administrative and actuarial soundness fees.

Did You Know...

From August 1, 2005 to December 31, 2005, the unit price is \$54.06. This price will increase to \$56.09 for units purchased from January 1, 2006 to July 31, 2006.

If you currently purchase units through ACH or payroll deduction, and you would like to make sure that your periodic contributions continue to cover the number of units that you wish to purchase with each withdrawal, be sure to change your ACH or payroll deduction before the January 1, 2005 price change. You may access the ACH and Payroll Deduction forms on our website at www.treasury.state.tn.us/best or by calling our office at 1-888-486-BEST.

2005-2006 Tuition Units Guide

This guide provides an example of the number of units it might take to cover tuition, mandatory fees, and room and board at various colleges based on Fall 2005 - Spring 2006 tuition rates.

	Units Needed For 1 Year		
	Tuition & Fees	Room & Board	Total
Tennessee Public Four-Year Universities			
Avg. of TN 4-Year Universities	100	121	221
Austin Peay	97	93	190
East Tennessee	94	106	200
Middle Tennessee	96	127	223
Tennessee State	92	123	215
Tennessee Tech	92	133	225
Univ. of Memphis	107	107	214
UT-Chattanooga	94	142	236
UT-Knoxville	111	147	258
UT-Martin	94	109	203
Tennessee Community and Technical Colleges			
Avg. of TN Community & Technical Colleges	50	n/a	50
TN Technology Centers	42	n/a	42
Tennessee Private Universities			
Belmont University	362	181	543
Carson-Newman	322	139	461
Cumberland University	297	108	405
Fisk University	262	141	403
Freed-Hardeman	242	130	372
Lambuth University	323	132	455
Lee University	204	108	312
LeMoyne-Owen	206	97	303
Lipscomb University	305	134	439
Sewanee	568	158	726
Union University	340	134	474
Vanderbilt University	664	209	873

The table above shows approximately the number of tuition units needed to pay for college costs if your child attended college this school year (2005-2006). The standard double occupancy dorm room and meal plan rates apply. This table should only be used as a guide. Check with your college or university for actual tuition, fees, room and board rates. Tuition units may be used at any accredited college or university in the United States. The schools listed above are only a sample.

'Tis the Season for Giving Give the Gift of Education!



Need a holiday gift idea? Give the gift of education to your child. Gift Certificates are available on our website at www.treasury.state.tn.us/best, or by calling our toll-free customer service line at 1-888- 486-BEST(2378).



The BEST News is published annually to keep participants of the Baccalaureate Education System Trust informed of program enhancements and other program activities. Please send your comments and/or suggestions regarding article topics for future issues to: LaKesha Page, Operations Manager, Baccalaureate Education System Trust, P.O. Box 198786, Nashville, TN 37219-8786, or email us at Best.Office@state.tn.us.

The information in this newsletter is subject to legislative change and judicial interpretation. It does not supersede nor restrict procedures or authority established under state or federal law. Statutory authority for BEST is contained in T.C.A., Title 49, Chapter 7, Part 8.

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Lottery Scholarships and BEST: Can They Co-Exist?

Participation in the Tennessee Education Lottery Scholarship Program (TELS) does not preclude a student who has a BEST Prepaid account from using funds in the BEST account. BEST funds may be used to supplement educational costs that are not covered by the TELS award amount. These include books, supplies, and room and board that may be covered by BEST funds. Additionally, unlike the Tennessee Education Lottery Scholarship program, which may only be used at certain colleges and universities, money in your BEST Prepaid account may be used at any accredited college or university in the United States.

Customer Service Corner

- Q** What are the different ways I can contribute to the BEST account?
- A** Units can be purchased by anyone by check, automatic bank withdrawal (ACH), or payroll deduction. Please provide the contract number on your check. Please allow one full month for ACH or payroll deduction changes. ACH and payroll deduction forms are available on our website at www.treasury.state.tn.us/best.
- Q** How often will I receive a statement?
- A** Annual statements are usually mailed in the Fall of the year. However, you may request one at any time during the year by simply calling BEST at 1-888-486-BEST (2378).
- Q** Who can make changes to the BEST contract?
- A** Only the Purchaser may make changes to a BEST contract. However, the named Purchaser may not be changed. To make changes to your BEST Prepaid contract, the Purchaser must submit a written, signed request. It may be mailed to our office at: BEST Prepaid Plan; P.O. Box 198786; Nashville TN 37219 or faxed to our office at (615) 734-6467.
- Q** When will I receive a Tuition Use Form?
- A** Tuition Use forms should be used for payments to colleges and universities. Tuition Use forms are sent out biannually in May and October after the beneficiary's 17th birthday. If the beneficiary does not receive a Tuition Use form, please contact our office at 1-888-486-BEST (2378) or (615) 532-8056. Please note that a Tuition Use form must be completed and returned to our office no later than 30 days prior to the school's bill due date. Tuition Use forms are entered in the order in which they are received; and school payments are sent to the colleges and universities based on the **bill due date provided on the Tuition Use form.**
- Q** Can I check my account balance online?
- A** You cannot check your account online at this time. However, you can check the status of your account or inquire about a transaction by using our automated system. Please call 1-888-486-BEST (2378) and follow the prompts for desired information. You may also speak to a customer service representative who will be glad to provide that information to you.